

# **Town of Lunenburg**

## **Proposed Annual Budget**



## **Fiscal Year 2010**

**March 26, 2009**

**Kerry A. Speidel**  
Chief Administrative & Financial Officer

## **FY2010 Expenditure Budget Overview**

The Town's expenditures are divided into functional categories which become the legal budget appropriated at Town Meeting. These functional categories include: General Government; Central Purchasing; Police; Fire; Other Protection; Department of Public Works; Solid Waste; Health & Sanitation; Council on Aging; Veterans Services; Public Schools; Library; Debt Service; Unclassified; and Retirement Assessment. Other expenditures in the budget include Non-Appropriated costs, such as Cherry Sheet Charges, Cherry Sheet Offsets and funds for the Overlay Account. The final budgeting category, though not part of the actual budget vote (budget warrant article) are the remaining Town Meeting warrant articles that have a financial impact. The following is a summary of proposed expenditures for FY2010.

	Expended FY2007	Expended FY2008	Appropriated FY2009	CAFO FY2010	CAFO FY2010	Difference	% Increase
<b>Expenditures:</b>							

### **General Fund Expenditures:**

	FY2007	FY2008	FY2009	February FY2010	March FY2010		
General Government	\$ 1,218,059	\$ 1,202,655	\$ 1,223,709	\$ 1,087,580	\$ 1,191,227	\$ (32,482)	-2.65%
Central Purchasing	\$ 28,395	\$ 42,364	\$ 47,200	\$ 41,612	\$ 41,612	\$ (5,588)	-11.84%
Police	\$ 1,183,520	\$ 1,262,917	\$ 1,295,626	\$ 1,293,126	\$ 1,308,062	\$ 12,436	0.96%
Fire	\$ 660,067	\$ 746,388	\$ 729,570	\$ 733,183	\$ 745,733	\$ 16,163	2.22%
Other Protection	\$ 165,378	\$ 165,351	\$ 184,792	\$ 158,433	\$ 163,692	\$ (21,100)	-11.42%
Department of Public Works	\$ 1,126,160	\$ 1,393,717	\$ 1,298,097	\$ 1,210,387	\$ 1,267,970	\$ (30,127)	-2.32%
Solid Waste	\$ 236,000	\$ -	\$ 80,000	\$ 100,000	\$ 100,000	\$ 20,000	25.00%
Health & Sanitation	\$ 59,914	\$ 62,555	\$ 67,366	\$ 62,366	\$ 64,869	\$ (2,497)	-3.71%
Council on Aging	\$ 77,987	\$ 85,227	\$ 94,782	\$ 90,157	\$ 94,782	\$ -	0.00%
Veterans	\$ 4,253	\$ 10,728	\$ 32,603	\$ 7,410	\$ 7,410	\$ (25,193)	-77.27%
Lunenburg Public Schools	\$ 13,584,897	\$ 14,181,467	\$ 14,749,818	\$ 14,677,320	\$ 14,577,320	\$ (172,498)	-1.17%
Monty Tech Assessment	\$ 584,719	\$ 638,471	\$ 565,210	\$ 641,427	\$ 641,427	\$ 76,217	13.48%
Library	\$ 261,414	\$ 290,800	\$ 329,867	\$ 319,211	\$ 330,201	\$ 334	0.10%
Debt Service	\$ 2,469,696	\$ 2,665,671	\$ 2,690,404	\$ 2,641,819	\$ 2,641,819	\$ (48,585)	-1.81%
Unclassified	\$ 1,864,622	\$ 2,128,106	\$ 2,124,782	\$ 2,239,250	\$ 2,122,292	\$ (2,490)	-0.12%
Retirement Assessment	\$ 435,584	\$ 438,971	\$ 493,121	\$ 528,137	\$ 528,137	\$ 35,016	7.10%
<b>sub-total:</b>	<b>\$ 23,960,665</b>	<b>\$ 25,315,387</b>	<b>\$ 26,006,947</b>	<b>\$ 25,831,418</b>	<b>\$ 25,826,552</b>	<b>\$ (180,395)</b>	<b>-0.69%</b>

### **Non-Appropriated Expenditures:**

Cherry Sheet Charges	\$ 735,869	\$ 731,940	\$ 800,796	\$ 619,903	\$ 619,903	\$ 68,856	9.41%
Cherry Sheet Offsets	\$ 488,308	\$ 488,308	\$ 466,295	\$ 401,855	\$ 401,855	\$ (22,013)	-4.51%
Overlay	\$ 100,984	\$ 100,984	\$ 92,399	\$ 145,000	\$ 145,000	\$ (8,585)	-8.50%
<b>sub-total:</b>	<b>\$ 1,325,161</b>	<b>\$ 1,321,232</b>	<b>\$ 1,359,490</b>	<b>\$ 1,166,758</b>	<b>\$ 1,166,758</b>	<b>\$ (192,732)</b>	<b>-14.18%</b>

<b>TOTAL BUDGET:</b>	<b>\$ 25,285,826</b>	<b>\$ 26,636,619</b>	<b>\$ 27,366,437</b>	<b>\$ 26,998,176</b>	<b>\$ 26,993,310</b>	<b>\$ (373,127)</b>	<b>-1.36%</b>
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### **Other Warrant Articles:**

Capital Articles	\$ -	\$ 856,232	\$ 556,049	\$ 190,178	\$ 233,950	\$ (300,183)	-35.06%
Other Articles	\$ -	\$ 25,700	\$ -	\$ -	\$ -	\$ -	
Teachers Salary Deferral	\$ -	\$ 18,108	\$ 18,108	\$ 18,108	\$ 18,108	\$ -	0.00%
Sanitary Landfill Repair	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ -	
CAFO Salary Adjustment	\$ -	\$ 30,000	\$ -	\$ -	\$ -	\$ -	
Police Cruiser	\$ -	\$ 34,649	\$ -	\$ -	\$ -	\$ -	
Fire Department Vehicle	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ -	
Smart Growth Zoning Stabilization Fund	\$ -	\$ 350,000	\$ -	\$ -	\$ -	\$ -	
<b>sub-total:</b>	<b>\$ -</b>	<b>\$ 1,504,689</b>	<b>\$ 574,157</b>	<b>\$ 208,286</b>	<b>\$ 252,058</b>	<b>\$ -</b>	
<b>total:</b>	<b>\$ 25,285,826</b>	<b>\$ 28,141,308</b>	<b>\$ 27,940,594</b>	<b>\$ 27,206,462</b>	<b>\$ 27,245,368</b>	<b>\$ (695,226)</b>	<b>-2.49%</b>

Overall, Lunenburg's FY2010 Budget for Operating Expenses is projected to decrease by \$180,395 or 0.69% over FY2009, with the largest decreases being in General Government (-\$32,482 or 2.65%); Other Protection (Building Inspection, -\$21,100, or 11.42%) and Department of Public Works, (- \$30,127 or 2.32%). The recommended appropriation for Lunenburg Public Schools has been decreased to \$14,577,320, or \$172,498 over the FY2009 appropriation, however, it is anticipated that the Superintendent's Recommended Budget of \$14,928,810 will be funded through use of additional ARRA funds.

Funding has been included either within departments or within the Salary Reserve Account to fund all wage and salary contractual obligations. No funding is provided for Cost-of-Living Adjustments for Non-Union employees. It is my hope that if additional funding becomes available later in the fiscal year, that Town Meeting will appropriate an a fair COLA for Non-Union employees.

In the following sections, I will detail my preliminary spending recommendations.

### **General Government**

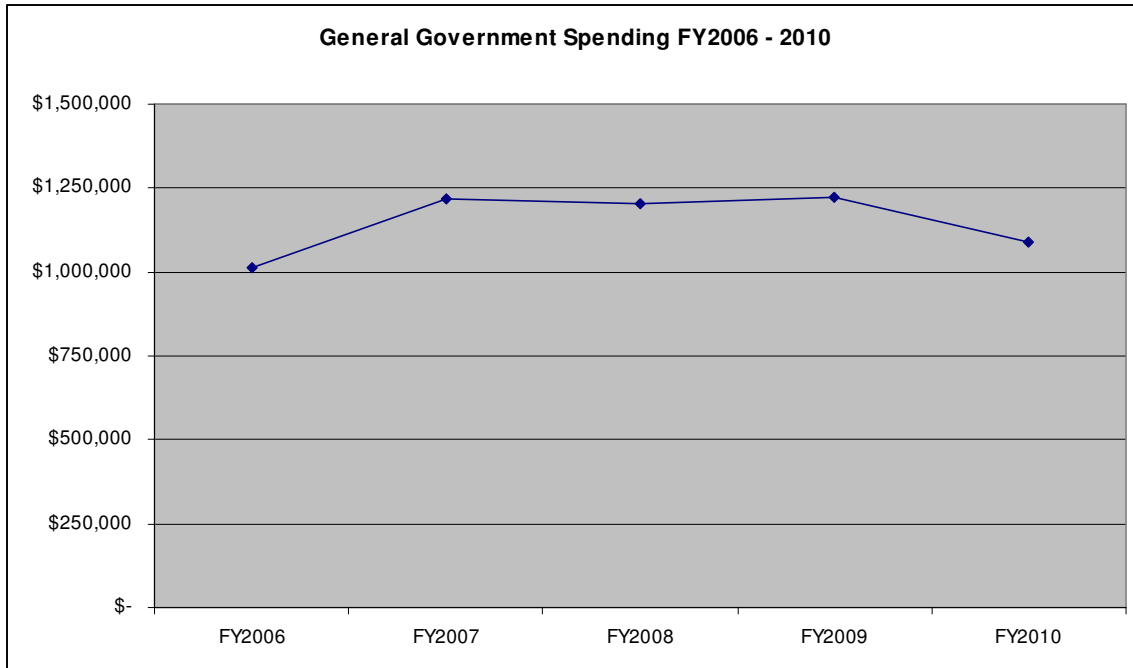
The General Government category includes the Administrative, Financial and Planning Offices of the town. Total spending in this category is recommended at \$1,191,227, which is a decrease of \$34,482 or 2.65% over FY2009. These reductions are being made on top of the 4.15% reduction (approximately \$51,000) which was made in the current fiscal year over FY2008. These further reductions will result in the need to keep positions which are currently vacant unfilled for FY2010, but it should not result in the need to eliminate 2.5 FTE, affecting 4 positions, as was originally anticipated, however some of the positions originally slated for layoff may be redeployed to areas of greater need within General Government, such as Human Resources, Purchasing/ Procurement and Public Information, including webpage enhancement.

For a number of years, General Government has funded the full cost of Technology Personnel for both the School and Non-School Departments. In the current fiscal year, a full-time Tech Support position was added, increasing the department to three- (3) full-time personnel, including a Director and two- (2) Technicians. The Director's time was split 80/20 School/ Non-School, while a Tech Support person was assigned to each. In FY2010, and based upon the ever increasing demands for Technology Support, the Director will be shifted over to the Schools 100 percent, and a new Contract Network Administrator's position is being proposed to support the All Departments. The two- (2) Tech Support positions will remain, with one being dedicated to the School Departments and one to the Non-School Departments.

The Legal expense line has been level funded at \$95,000. As we move through the backlog of legal matters, it is my hope that this level of funding will be adequate.

In addition to the items mentioned above, some reductions were made to particular expenditure lines, such as Tax Title Service based upon past usage, or to Elections based upon fewer elections in the FY, or to Consultants and/ or Map Updates in Planning due to a reduction in development related activity.

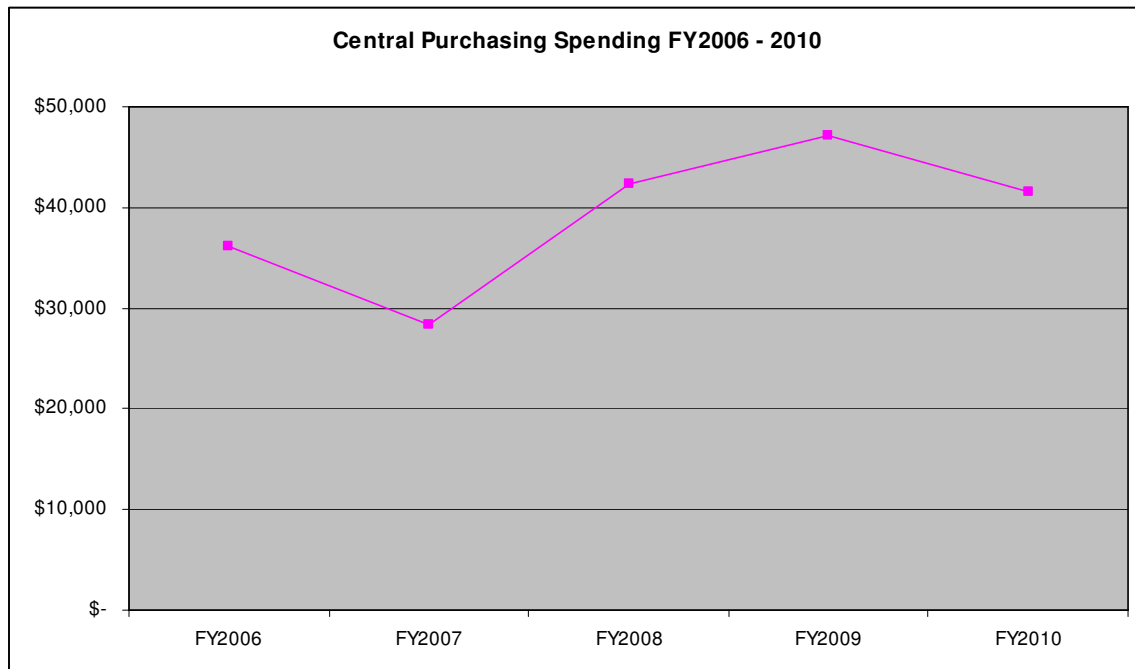
The following chart shows overall General Government spending over a 5-Year Period.



### Central Purchasing

Central Purchasing is the cost center used to track costs that are not easily allocated among departments, such as utility charges and equipment maintenance, generally for offices in Town Hall. In FY2010, the preliminary recommendation is for a total of \$41,612, which is a reduction of \$5,588 or 11.84% over the prior fiscal year appropriation. This reduction comes on top of a reduction of \$17,000 in the current fiscal year. Those cuts came in two- (2) areas: Office Equipment Maintenance and Telephone Charges. Office Equipment Maintenance has been reduced in recognition that we have instituted a regular replacement plan for computers, printers and copiers. Telephone Charges have been reduced in order to come in line with prior year spending. Additional cuts for FY2010 will come again in these same areas. We will also be implementing some additional measures in the area of Procurement to ensure that we are receiving the greatest discounts possible for Utilities and Commodities.

The following chart shows overall Central Purchasing spending over a 5-Year Period.



## **Police Department**

The Lunenburg Police Department is comprised of a Chief of Police, Lieutenant, three- (3) Sergeants, a Detective, six- (6) Patrol Officers, a Traffic Officer, a Public Safety Coordinator and fourteen- (14) Reserve Police Officers. The Police Department operates twenty-four- (24) hours per day, seven- (7) days per week, year round with a civilian dispatch/ communications center shared with and under the direction of the Fire Department.

The Police Chief holds office hours Monday through Friday and is responsible for the command and services of the entire department. The Public Safety Coordinator is responsible for payroll, all accounting and record keeping, general office management and assists with police duties as a reserve police officer.

The Lieutenant is the department's court liaison officer and public information officer as well as the administrative officer to the Police Chief. The Lieutenant is the commanding officer during the Chief's absence.

All shifts are staffed by either a Sergeant and one- (1) patrol officer or two- (2) patrol officers. The traffic officer works a split shift of two- (2) consecutive, day shifts and two- (2) consecutive night shifts and is responsible for all traffic related calls for service and proactive traffic enforcement during those shifts.

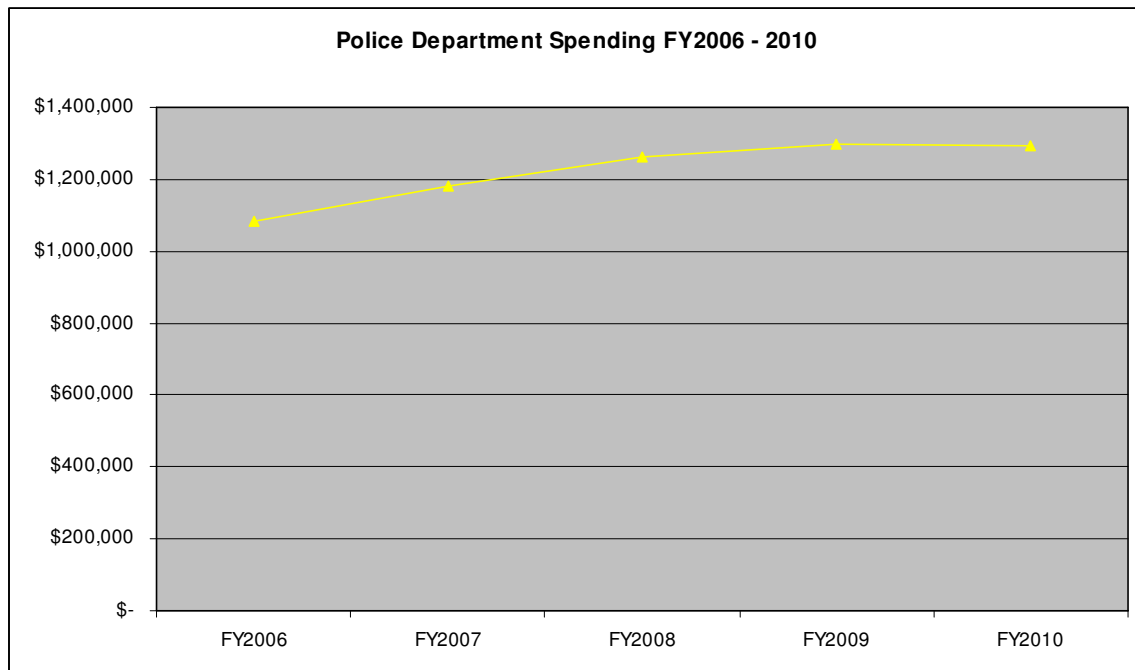
The Detective is responsible for evidence, crime scene management and photography, follow-up investigations generated by patrol, and serious criminal activity. The Reserve Officer are utilized as part-time staff to fill in shift assignments and extra detail work assignments not accepted and covered by full-time staff.

The department maintains a six- (6) cell lock up detainment area for arrestees not released from custody.

Based upon current information, the Town of Lunenburg falls behind its peers in terms of Officers per capita. The average number of Officers per Capita in the Commonwealth is 2.1. Communities our size or smaller average 1.8, while Lunenburg only employs 1.3. Although additional Officers are needed, the reality is that it is impossible to fund even one additional full-time Officer's position given the current fiscal constraints. We are hopeful that funding for full-time Officers may become available through the COPS program. This program has traditionally provided salary for entry level Officers for the first three years of employment, with a percentage reduction each year, and then requires the Town to assume the costs at 100%. Preliminary information regarding the new program indicates that funding will be available for both salary and benefits at 100% for entry level for three years.

Total spending in this category is recommended at \$1,308,062, which is an increase of \$12,436. or 0.96%

The following chart shows Police spending over a 5- Year Period.

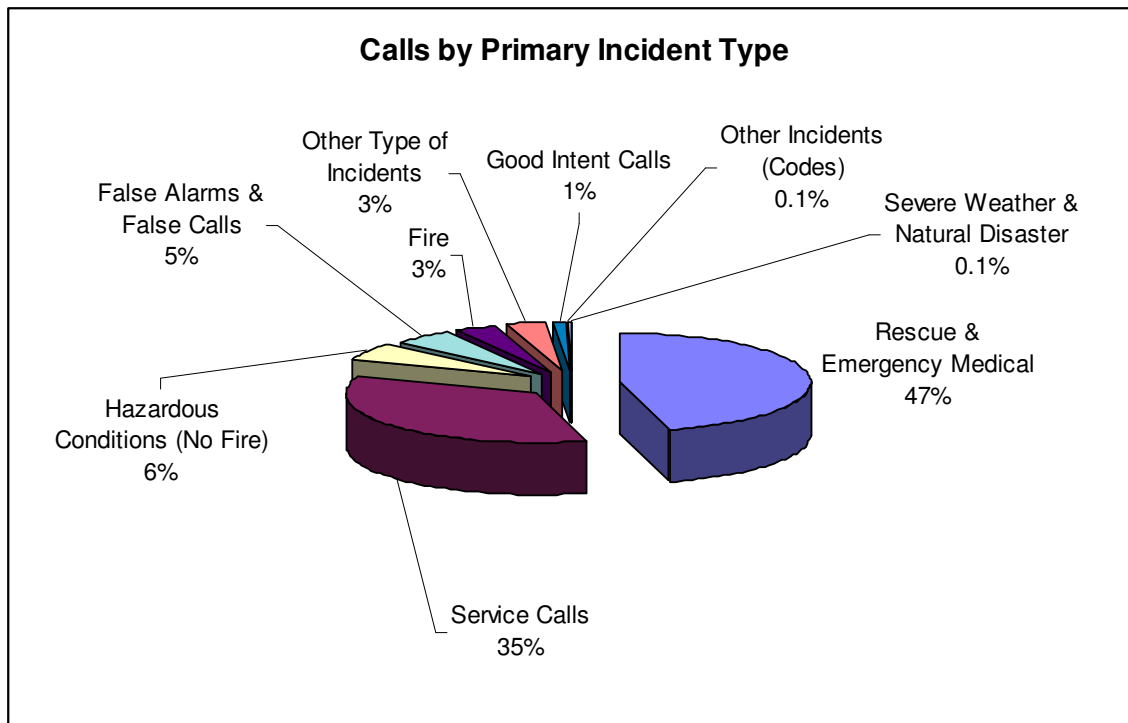


## Fire Department

This category of spending covers the Fire Department, Dispatch, and both Hydrant and Radio Maintenance expenses. The Department provides Fire, Rescue and Emergency Medical Services at the BLS (Basic Life Support) level services for the entire Town. Additionally, the department provides many preventative services, fire code inspections, training and specialized response such as trench and water rescue.

The department operates twenty-four- (24) hours per day, seven- (7) days per week, year round, with a full-time staff of five- (5) and thirty-four (34) reserve firefighters. The full-time staff covers the day shift while the reserve firefighters cover the evening shift.

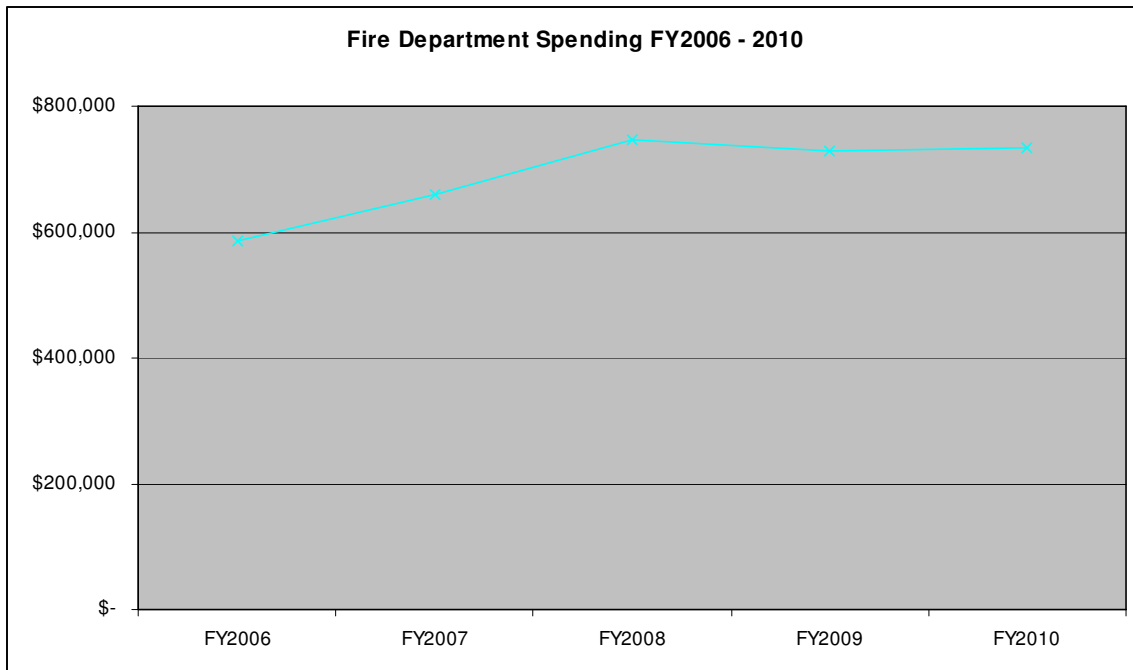
The following chart details Fire Department calls by Primary Incident Type.



Total spending for this category is \$745,733, which represents an increase of \$16,163 or 2.22% over FY2009. In the current fiscal year, an increase in funding was provided for weekend and holiday on call stipends- \$25 per shift to \$50 per shift- for Reserve Firefighters (hard call), committing themselves to responding in the event of an emergency. In FY2010, I am proposing to do the same for the Weeknight Shifts, as we are finding those even more difficult to cover as many Reserve Staff are working second jobs in the evenings, during these very difficult economic times. By offering these

stipends, and having staff on hard call, we are thereby able to ensure appropriate response time.

The following chart shows Fire spending over a 5- Year Period.



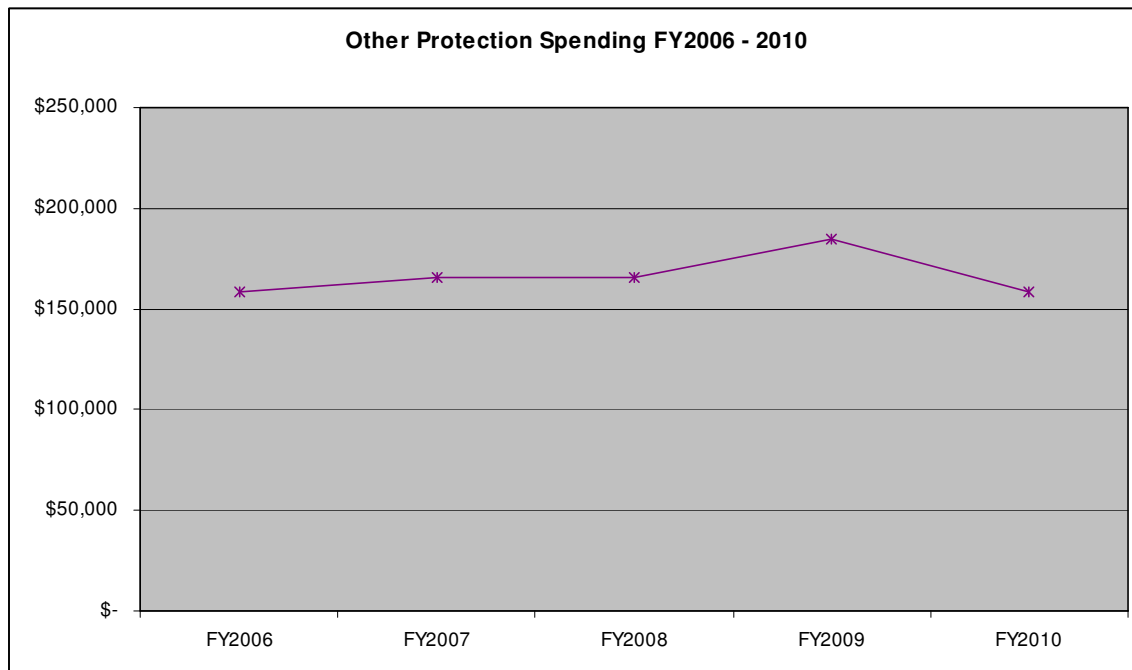
## Other Protection

The Other Protection category includes funding for Building Inspection, Gas, Plumbing and Wiring Inspection, as well as for the Inspector of Weights & Measures, Municipal Hearings Officer, Civil Defense and the Animal Control Officer.

The primary duties of the Inspections Departments are to conduct Code Inspections and made Zoning determinations in accordance with State Law and Town Bylaws. Building Permit Applications are first reviewed to insure that all of the proper information and requirements from the applicant are complete. In addition, the plans for the building and the site are reviewed for Code and Zoning Compliance. Provided that the application and the site plan are in compliance, a fee is assessed with the associated work to be completed and a building permit is issued. After the work has begun, the necessary inspections relative to the work are conducted by the Inspector associated with the work performed. The Board of Health Agent, Wiring Inspector, Plumbing Inspector, Fire Department and the Building Inspector are the primary inspectors for most permits.

The total recommending spending for this category is \$163,692, which represents a decrease of \$21,100 or 11.42%. The bulk of this decrease is in reductions to the total fees paid to the Electrical, Gas and Plumbing Inspectors, as their number of inspections are decreased significantly due to the lack of development.

The following chart shows Other Protection spending over a 5- Year Period.



## **Public Works**

The category of Public Works encompasses the Departments of Highway, Vehicle Maintenance, Traffic & Signs, Public Buildings & Grounds, Cemetery and Parks. The Departmental objectives include:

- Establish a management presence to permit and review construction projects in concert with other boards and commissions and to coordinate and monitor construction activity.
- Establish a better record keeping of plans and as-builts for all department activities.
- Increase training to enhance the safety and abilities of all department employees.
- Develop an inventory of town assets under the umbrella of the department and prioritize needed improvements to improve efficiency and effectiveness.
- Increase computer usage in all division for budgeting, cost accounting and planning.
- Continue to coordinate administrative directives with the activities of all public service departments and organization with the department to improve service levels.

The Highway Division provides for the maintenance of 200 lane miles of paved roadways, repairing potholes, patching, and overseeing large subcontracted paving operations. Associated with roadway maintenance are street signs, traffic line painting, shoulder reconstruction, and street sweeping. Highway staff manages and supports the storm water system installing and/ or rehabbing drainage, systems and structures and the cleaning of over 1500 catch basins. The department has taken the lead in the successful compliance with EPA and DEP mandated regulations for Storm Water Management.

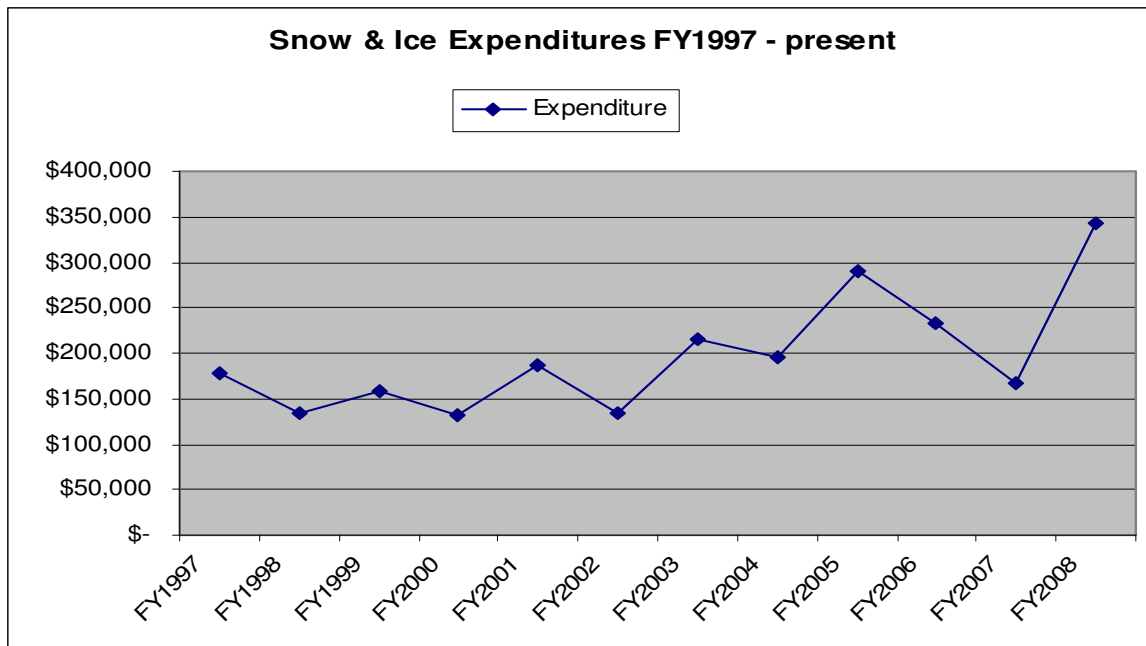
The Public Buildings & Grounds Division is responsible for the maintenance and upkeep of the following municipal facilities: DPW Garage, Park Building, Cemetery Building, Ritter Building, Old Primary School, Public Safety Complex, Town Hall, Eagle House, Library, Teen Center, Jones House, as well as the Town Common, Town Beach and all athletic fields and playgrounds excluding School properties. The division is managed by a Facilities Director, with the assistance of a janitor responsible for Town Hall, Eagle House and the DPW Garage and contract janitorial services for all other buildings. The HVAC systems at the Library, Public Safety Complex and Town Hall are maintained by a contract service. The age of many of the buildings being maintained creates a tremendous amount of work.

Both the Parks and Cemetery Divisions are staffed with one- (1) person each. Each division, though a part of the entire department, is overseen by a Board of Commissioners.

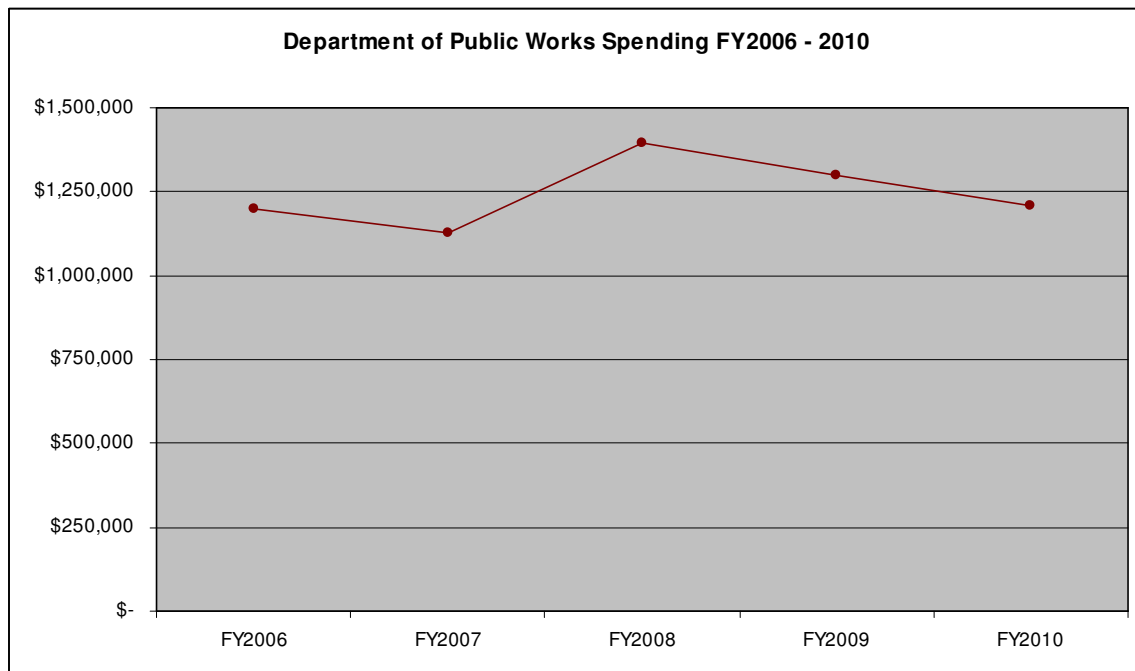
Total spending for the Department of Public Works is recommended at \$1,267,970, which represents a decrease of \$30,127, or a 2.32% decrease over the current fiscal year. As mentioned in the opening, this is one of the hardest hit areas of the budget. While

Public Works is a core service, unfortunately, it is the one with a fairly large amount of discretionary spending. While roads need to be maintained, swept and patched in the Spring and Summer, and sanded and plowed in the Winter, there is wide latitude in the level of service provided. And unfortunately, the level of service that our residents have come to expect, will not be met in FY2010.

In order to present a balanced budget proposal, one- (1) position, which is currently vacant due to a retirement, will remain unfilled. A substantial cut of \$10,000 is being proposed to supplies, meaning we will have fewer materials to patch roadways, sidewalks and drainage facilities. We have however, increased our Snow & Ice Budget by another \$40,000, to a total of \$200,000, which is fairly consistent with the 10-year average expenditure of \$206,000. Recently though, the price of sand and salt has increased substantially, bringing our 5-year average to \$246,000. As a result, this budget will be increased over time to about \$250,000, which is a more reasonable expectation for expenditures for an average winter.



The following chart shows Department of Public Works spending over a 5- Year Period.



### **Solid Waste**

The Town currently operates a highly successful and award winning Pay As You Throw (PAYT) program. A total of 3,200 households out of a total of 3,800 currently participate. It is assumed that the remaining 600 households utilize a private service. All households in town are eligible to make use of the recycling component of the program.

In past years, the program has been funded by both an Operating Budget appropriation and a per bag fee. Due to fiscal constraints, the FY2008 appropriation came from the Enterprise Fund's Retained Earnings. The FY2009 the General Fund appropriation was set at \$80,000, which was believed to be the cost of the recycling component. A new contract was negotiated and it was found that the true cost of the recycling component is about \$100,000, therefore, the requested appropriation for FY2010 has been increased to \$100,000 to reflect true costs. The program will continued to be monitored throughout the year to make sure that we are apportioning costs appropriately.

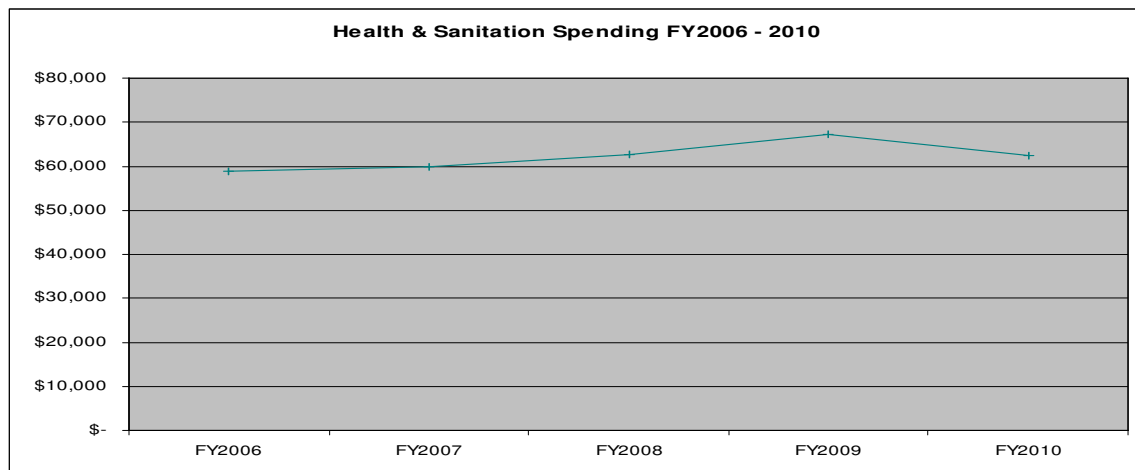
## Health & Sanitation

The Mission of the Board of Health is to develop and maintain innovative programs to safeguard and improve the general health of the citizens of the Town. Responsibilities include developing and promoting disease prevention and wellness programs as well as improving health education and environmental awareness. The Board of Health is also responsible for interpreting and enforcing the provisions of the State Public Health Code, State Sanitary Code, State and Local Environmental Codes. Services and duties of the department include:

- Setting up agendas, appointments and preparing necessary paperwork for meetings and hearings; preparing meeting minutes; follow up
- Handling nuisance complaints
- Water Quality testing; annual inspections; well testing; and IA system testing
- Housing Violations
- Reviewing plans and coordinating with other boards to make sure Board of Health interests are properly considered; drafting deed restrictions when necessary
- Animal Control Issues
- Emergency Preparedness Planning
- Providing community nursing through Nashoba Nursing

Departmental staff include one –(1) Administrative Assistant, contract Health Agent, and contract Nurse. The department is under the general direction of the Board of Health.

The following chart shows Board of Health spending over a 5- Year Period.



Total recommended spending for this category is \$64,869, resulting in a decrease of \$2,497 or 3.71%. This decrease comes through the elimination of contractual mental health services, the cost of which is being covered through Mass Health.

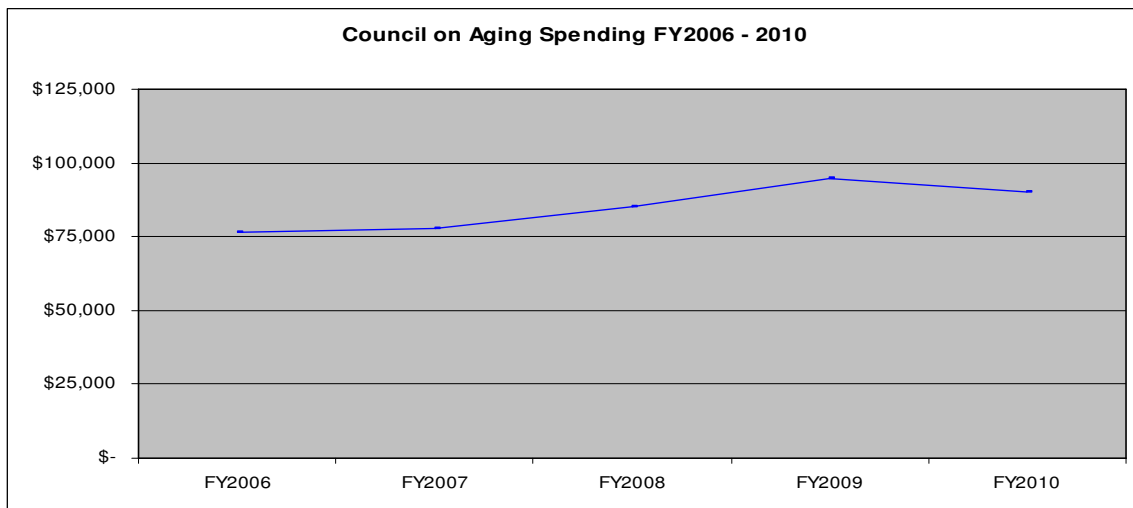
### Council on Aging

The mission of the Lunenburg Council on Aging is to advocate for improved quality of life for all senior citizens through supportive services, programs and education. The Council on Aging was established under M.G.L. Chapter 40, Section 8B, in 1967 to include setting of local policy for the administration of elder programs and services and to develop, coordinate and conduct such activities which advocate for elders.

The Council on Aging operates the Senior Center through the Director, who plans and administers the budget, executes those programs, services and activities which enhance independence and improve quality of life. The Council on Aging is responsible for the oversight and upkeep of the Senior Center working in conjunction with other Town Departments.

It is also the mission of the Council on Aging to assist elders to remain in their homes and in their community for as long as possible. The Director, along with other staff members, supports elders and their families with referrals to proper agencies in order to find needed services.

Departmental Goals include: advocacy for the elder population; increased community visibility; preparing for changing needs of elders; collaborating with other Town Departments or groups to develop programs beneficial to elders; interacting with Lunenburg Public Schools to promote inter-generational opportunities; creating opportunities for older adults to explore new experiences and to foster their skills and abilities; and to develop a budget which adequately reflects the need for programs and services available.



The recommended level of spending in this category is \$94,782, which provides level funding for this department.

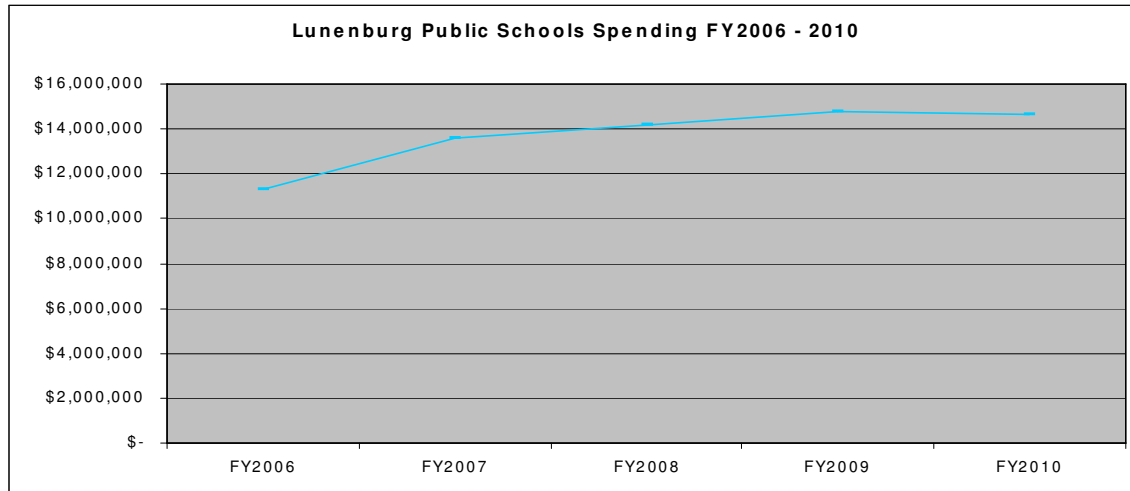
**Veterans Administration**

The mission of the Veterans Administration Office is to provide financial and medical aid assistance to needy veterans and/ or dependants in accordance with M.G.L. Chapter 115, CMR 108 and through the Commonwealth of Massachusetts' Department of Veterans Services. The state will reimburse the Town 75% of the expense of authorized assistance provided to veterans in Lunenburg. It is also the mission of the department to assist veterans who may not be eligible under Chapter 115 by working with them to get proper alternate sources of help through the U.S. Veterans Administration, Social Security or SSI.

Veteran's Benefits have been reduced to \$7,410, which is in line with historical spending levels.

## Lunenburg Public Schools

As mentioned before, I am recommending an appropriation of \$14,577,320 for the School Department for FY2010. Although this amount is less than the current year appropriation by \$172,498, it is anticipated that the Superintendent's Recommended Budget of \$14,928,810 will be able to be funded by making use of ARRA funding.



## Monty Tech Assessment

At the present time, the Town's has been provided a preliminary assessment to the Montachusett Regional Technical School. This assessment will become the final assessment once the School Committee has taken its vote, currently scheduled for March 4, 2009. The minimum contribution is based upon actual enrollment from the 2008 – 09 School Year, which has increased by six- (6) students. This assessment is based upon a Level Funded Budget for Monty Tech.

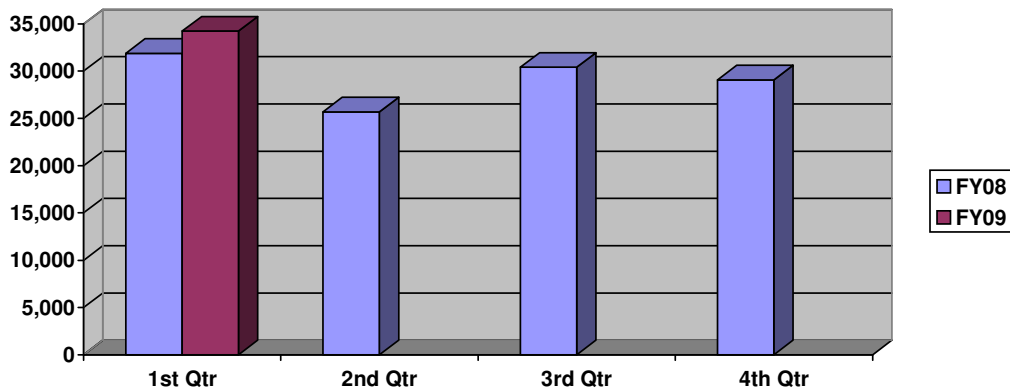
\$596,989	is the minimum contribution set by the state
\$ 19,195	Transportation/Operating Assessment
\$ 9,657	Capital Assessment
<u>\$ 15,587</u>	FY10 Bonds
\$641,427	Lunenburg's Approved Assessment FY10

## Library

Lunenburg Public Library is an inspiring destination providing all who enter literature, popular materials, educational resources and current technology in a welcoming, accessible environment. Our mission is to continue to provide access to information people can use in their daily lives. The Library, which is a very popular destination for all ages, becomes even more popular during difficult economic times. People turn more toward the Library's resources-traditional books, audio books, magazines, newspapers, music dvd's, movies, etc.- when their own resources won't allow the purchase of the same.

The following are comparisons of circulation rates, both within our own Library and within our network.

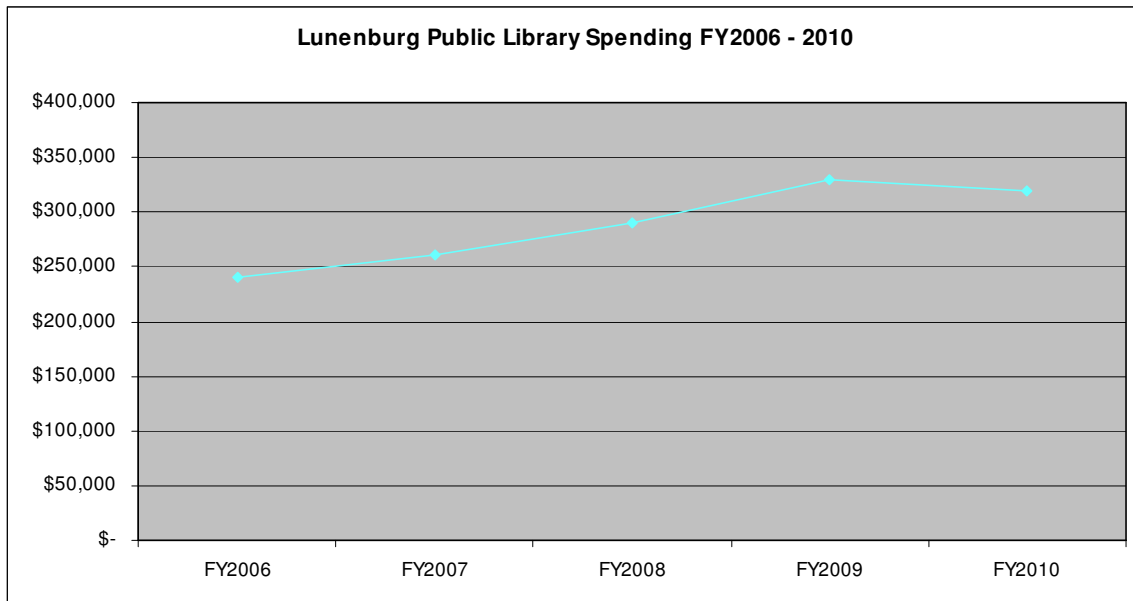
**Lunenburg Public Library Circulation Rates  
FY08/FY09**



**Massachusetts Board of Library Commissioners  
Data Comparison  
Based on Data Reported in July 2007  
Population Group (10,000-14,999)**

Town	2006 Pop	Avg. Weekly Hours Open	Full Time Employee Equivalent	Total Hours Open/ FTE	Weekly Visits/ FTE	Circulation/ FTE
Lunenburg	10,010	44.0	5.1*	8.6	388.9	21,456
Athol	11,661	41.7	9.2	4.7		14,743
Clinton	14,163	40.6	6.6	6.9	261.6	22,138
Groton	10,585	41.6	13.7	3.2	122.8	18,538
Northborough	14,681	56.3	13.7	4.3	63.3	12,445
Oxford	13,712	48.2	11.0	4.8		11,707
Pepperell	11,412	42.8	7.4	6.0		18,870

The following chart shows Library spending over a 5- Year Period.



The recommended level of spending for the Library for FY2010 is \$330,201, which represents an increase of \$334, or 0.10% over current year spending. This level of funding will still require that the currently vacant, part-time Reference Librarian position remain unfilled in FY2010 and will also require a small decrease in funds available to purchase new Library materials. A request to fund the CWMARS (Inter-Library Loan) Network was made, but due to financial constraints, could not be recommended. This expense will once again need to be paid through the State Grant.

## **Debt Service**

Debt financing is the primary means of financing large capital projects in Lunenburg. The use of debt allows the Town to afford the construction of large scale capital assets in a systematic and planned manner.

The mission of the Town as regards to debt management has several components.

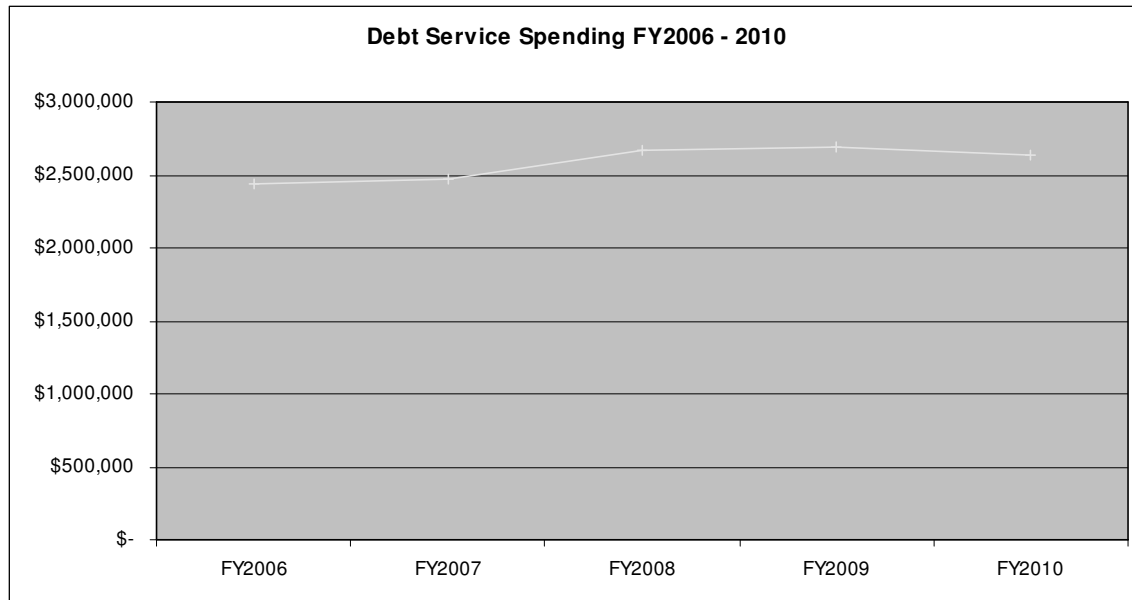
- To achieve the best possible true interest cost associated with the debt.
- To maintain an amount of debt to be issued and retired each year that results in the impact on the tax rate that is fairly consistent year to year.
- To maintain the highest credit rating possible.
- To keep the average weighted maturities of outstanding debt as low as possible so as to hold down the amount of debt service that is allocated to interest costs and to allow for the issuance of new debt as the need arises.

This budget provides for the repayment of principal and interest on the Town's long-term General Fund debt. The Town issues debt pursuant to votes of Town Meeting to provide funding for major projects, in accordance with Massachusetts General Law, Chapter 44, Sections 7 and 8. The maximum amount of debt for each project is authorized by Town Meeting, and then the Town Treasurer issues the bond after working with the Chief Administrative & Financial Officer and the Town's Financial Advisor to design and structure the bond, and with the approval of the board of Selectmen.

The General Debt Limit of a city or town consists of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit is five- (5) percent of the valuation of taxable property as last equalized by the State Department of Revenue. According to the most recent statistics, the Town of Lunenburg's EQV for 2006 was \$1,344,943,200. The Normal Debt Limit (of 5% EQV) is therefore, \$67,247,160. As of June 30, 2008, the Town's permanent outstanding debt was \$33,810,676.

A city or town can authorize debt up to this amount without State approval. It can authorize debt up to twice this amount (the Double Debt Limit) with the approval of the state Municipal Oversight Board, which is composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts.

There are many categories of General Obligation debt which are exempt from and do not count against the General Debt Limit. Among others, these exempt categories include revenue anticipation notes, grant anticipation notes, emergency loans, loans exempted by special laws, certain school bonds, sewer bonds, solid waste disposal facility bonds, and economic development bonds supported by tax increment financing. As of June 30, 2008, the Town had \$2,629,564 in long-term bonds outside the debt limit for Landfill and Sewer Construction projects.



### Unclassified

The Unclassified category is a catch all for costs associated for specials services or for costs at a unallocated elsewhere in the budget, the largest of which are employee benefits costs (for non-School employees), Liability Insurances and Reserve Funds.

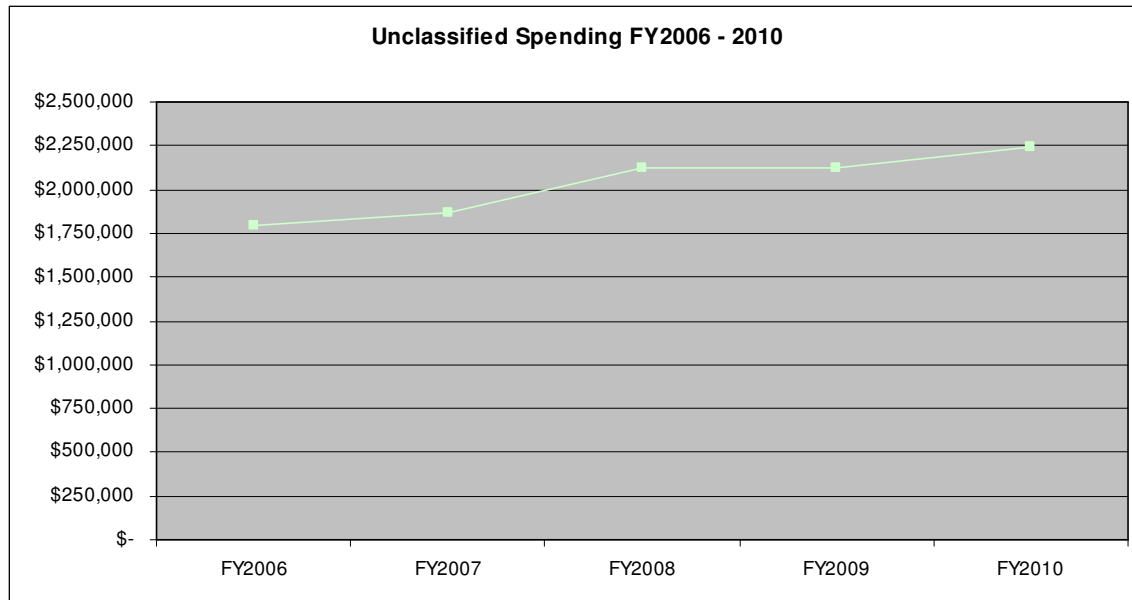
The Town currently purchases Health Insurance for all active and retired employees through the Massachusetts Inter-local Insurance Association (MIIA). By purchasing insurance through this cooperative, we are able to receive the benefit of being a part of the largest municipal joint purchasing group. Earlier this month, the Town was notified that its renewal rate for FY2010 will reflect an increase of 6% for active employee plans and an increase of 7.3% for retiree plans.

The Town's Workers Compensation, Police & Fire Disability and General Liability Insurances were put out to bid and significant savings, \$20,000, was achieved.

The General Reserve Account, or Finance Committee Reserve Account, has been reduced by \$20,000 to \$50,000 due to the fact that great effort has gone in to determining realistic funding levels for all programs and services included in this budget recommendation.

An amount of \$46,481 has been included in a Salary Reserve account in anticipation of contract settlements.

The following chart shows Unclassified spending over a 5- Year Period



### **Retirement Assessment**

The Worcester Regional Retirement System annually provides each member Town an assessment based upon anticipated retirement benefits to be paid out. The Town's FY2010 assessment has been certified at \$528,137, which represents an increase of \$35,016 or 7.10%. The assessment is due in two installments, July 1 and January 1. This final assessment amount reflects a discount of approximately 2%, or \$10,770, for early payment, 100% on July 1. This is the first time this discount has been offered. The Town would have to earn just about 8% interest on these funds to make it worth our while to not take advantage of this option.

### **Non-Appropriated Expenditures**

Cherry Sheet Charges & Underestimates are certain charges that are levied on the Town by State Law and are not subject to Town Meeting appropriation. The principal items are Mosquito Control District, MBTA Assessment and Regional Transit. Other charges are for the Air Pollution Control District (Ch. 111), Special Education (Ch. 71B), and the RMV Non-Renewal Surcharge (Ch.90; Ch. 60A).

Cherry Sheet Offsets are amounts that are included on the Budget Summary to now reflect only two state revenue programs that are to be spent without being part of the appropriated budget. These small grants programs are for the public library and the school lunch program. We show these as "offsets" in the Non-Appropriated

Expenditures category because the revenue for them is included in the total Cherry Sheet Revenues, and must be used for direct expenditures to support the grant program.

Cherry Sheet Assessments are for tuition payments for Lunenburg students attending school outside of the district, either at a public school in another town or at a charter school.

### **Capital Outlay**

The Capital Improvement Committee has recommended a budget of \$233,950, which will provide funding for the following items.

<b><u>Department</u></b>	<b><u>Item</u></b>	<b><u>Amount</u></b>
Police	Cruisers – 2	\$ 69,000
Fire	Pagers/ Portables	\$ 33,000
School	Tractor/ Loader	\$ 36,050
School	Kitchen Equipment- ES	\$ 38,800
School	Kitchen Equipment- THMS	\$ 47,100
Town Clerk	Vault Improvements	\$ 10,000
Total:		\$233,950

These items will be funded as follows.

<b><u>Source</u></b>	<b><u>Amount</u></b>
ARRA Funds	\$121,950
Recaptured Funds	\$ 27,602
<u>Other General Fund Revenues</u>	<u>\$ 84,398</u>
Total:	\$233,950

### **Conclusion**

At this time, and based upon the information currently available, I believe this to be the fairest, most equitable distribution of funding for FY2010. Priority has been given to the Town's core services- Education, Fire, and Police. This proposal is fully funds all contractual obligations and is in no way reliant on speculative State Aid. A great effort was made to carefully review and analyze every line item and in doing so, significant savings were achieved, such as a \$20,000 reduction in insurances, as a result of early bidding. Attempts were also made to be creative and to think outside of the box, which

in one instance will result in a savings of \$10,770, merely by paying our Retirement Assessment early.

If any additional funding is found, such as though increased departmental fees and/ or increases in State or Federal Aid, I would recommend that those funds be held until the Fall, when we will have a better idea of how the economy as a whole looks.

I would like to take this opportunity to thank each and every department head who has patiently worked with me throughout this process. It's been a difficult few months and many questions were asked, but in the end, I believe we have prepared a reasonable and fair budget given the current climate.

/kas

